

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature			Date	

TOWNSHIP OF ROSE

REPORT ON AUDIT OF
FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

TOWNSHIP OF ROSE

TOWNSHIP OFFICIALS

Supervisor - Chester Koop
Treasurer - Susan Slaughter
Clerk - Alison Kalcec

TOWNSHIP BOARD

David Gordon
Alison Kalcec
Chester Koop
Susan Slaughter
Donald Walls

TOWNSHIP ATTORNEY

John D. Mulvihill, PLLC

TOWNSHIP AUDITORS

Pfeffer, Hanniford & Palka
Certified Public Accountants

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September 28, 2005

Board of Trustees
Township of Rose
204 Franklin Street
Holly, Michigan 48442

INDEPENDENT AUDITORS' REPORT

Honorable Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Rose as of and for the year ended June 30, 2005, which collectively comprise the Township of Rose's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Rose's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Rose as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and other Required Supplementary Information on pages 8 through 13 and 33 through 38 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Rose's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, such as the combining statements and individual fund statements, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

MANAGEMENT DISCUSSION
AND
ANALYSIS

Management Discussion and Analysis June 30, 2005

Within this section of Rose Township's annual financial report, the Township's management is providing a narrative discussion and analysis of the financial activities of the Township for the fiscal year ended June 30, 2005. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Township's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Township's basic financial statements. The basic financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements. The Township also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The Township's annual reports include two government-wide financial statements. These statements provide both long-term and short-term information about the Township's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Assets. This is the Township-wide statement of position presenting information that includes all the Township's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township as a whole is improving or deteriorating. Evaluation of the overall health of the Township may extend to various nonfinancial factors as well.

The second government-wide statement is the Statement of Activities. This report demonstrates how the Township's net assets changed during the current fiscal year. The design of this statement is to show the financial reliance of the Township's distinct activities or functions on the revenues generated by the Township.

Both government-wide financial statements distinguish governmental activities of the Township that are principally supported by taxes and state revenue sharing. Governmental activities include such activities as general government, public safety, and planning and zoning. Fiduciary activities, as reported in the current tax fund and trust and agency funds are not included in the government-wide statements since these assets are not available to fund Township programs or activities.

The Township's financial reporting includes all the funds of the Township (primary government) and, additionally, organizations for which the Township is accountable (component units).

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Township uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Township's most significant funds rather than the Township as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is reflected in the combining statements later in this report.

The Township has two kinds of funds:

Governmental funds are reported in the financial statements and encompass essentially the same functions as governmental activities in the government-wide financial statements except with a different focus on the financial activity. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of these resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the focus of the government-wide financial statements includes a long-term view, a reconciliation of these fund balances has been completed to detail its relation to net assets.

Fiduciary funds are reported in the fiduciary fund financial statements, but are excluded from government-wide reporting statements. Fiduciary fund financial statements report resources that are not available to fund Township activities.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of both the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Other supplementary information includes detail by fund for receivables, payables, transfers, and payments within the reporting entity.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report.

Financial Analysis of the Township as a Whole

The Township has implemented the new financial reporting model used in this report beginning with the prior fiscal year ended June 30, 2004. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Township as a whole.

The Township's net assets at the end of the fiscal year was \$ 2,016,399. This is a \$ 94,112 increase over last year's net assets of \$ 1,922,287.

The following tables provide a summary of the Township's financial activities and changes in net assets:

Summary of Net Assets

	<u>Governmental Activities</u>	
	<u>6-30-05</u>	<u>6-30-04</u>
Current and other assets	\$ 1,888,475	\$ 1,817,135
Capital assets	<u>182,693</u>	<u>164,532</u>
Total assets	<u>2,071,168</u>	<u>1,981,667</u>
Current liabilities	<u>54,769</u>	<u>59,380</u>
Net assets:		
Invested in capital assets, net of related debt	182,693	164,532
Restricted	615,786	617,986
Unrestricted	<u>1,217,920</u>	<u>1,139,769</u>
Total net assets	<u>\$ 2,016,399</u>	<u>\$ 1,922,287</u>

Summary of Changes in Net Assets

	<u>Governmental Activities</u>	
	<u>6-30-05</u>	<u>6-30-04</u>
REVENUES		
Program revenues		
Charges for services	\$ 289,430	\$ 238,599
Operating grants and contributions	54,519	192,237
General revenues		
State shared revenues	417,873	419,443
Property taxes	524,385	512,555
Other	<u>56,942</u>	<u>44,940</u>
Total revenues	<u>1,343,149</u>	<u>1,407,774</u>
EXPENSES		
General government	695,340	671,357
Public safety	307,422	310,211
Public works	209,706	142,277
Parks and recreation	4,809	11,118
Community development	<u>31,760</u>	<u>26,188</u>
Total expenses	<u>1,249,037</u>	<u>1,161,151</u>
INCREASE IN NET ASSETS BEFORE TRANSFERS	94,112	246,623
BEGINNING NET ASSETS	<u>1,922,287</u>	<u>1,675,664</u>
ENDING NET ASSETS	<u>\$ 2,016,399</u>	<u>\$ 1,922,287</u>

The Township's net assets have increased \$94,112 overall for the year ended June 30, 2005. This is consistent with the Township's financial statements for the last six years. However the prior year increase of \$246,623 was significantly higher because approximately \$170,000 was transferred to the Township from Oakland County for Tipsico Lake maintenance.

Financial Analysis of the Township's Funds

The General Fund's fund balance increased by \$66,531 for the year ended June 30, 2005. This amount was net of transfers of \$34,000 made to the Infrastructure and the Cemetery Fund. Amounts are similar to the prior years in which revenues are primarily derived from state shared revenues and property taxes, and expenditures are generally for basic township operations and road improvements.

The Township had a total of seven major funds which are:

1. General Fund
2. Fire Fund
3. Building Inspection Fund
4. Fish Lake Weed Control Fund
5. Cable PEG Fund
6. Lake Braemar Fund
7. Infrastructure Fund

The aforementioned funds had very little variance from the prior year operations. As in past years, the General Fund transferred monies over to the Infrastructure Fund and Cemetery Fund of \$25,000 and \$9,000 respectively.

General Fund Budgetary Highlights

The Township adopted its budget prior to the beginning of the fiscal year ended June 30, 2005. During the year the budget was amended to reflect changes in estimated revenues and expenditures for the year.

Actual expenditures exceeded budget appropriations in two activities:

Elections	\$ 21,023
Unallocated	\$ 9,824

The reason for the unfavorable variances were because of a capital grant in which the Township received four voting booths worth approximately \$21,000 (non-monetary transaction) and legal fees in excess of \$20,000 for a lawsuit the insurance company stopped defending.

Amendments made during the year were insignificant except in two activities. Unallocated was reduced almost \$28,000 because of the perception legal fees would be lower than expected. However, as mentioned previously, this was not the case. Also, Public Works was reduced over \$40,000 because of certain road improvement contracts not started and (or) completed in the year.

Capital Asset and Debt Administration

The Township acquired some additional capital assets in the current fiscal period which were:

- Voting machines through a federal grant valued at approximately \$21,000;
- .36 acres of land (non-buildable) through a tax sale at a minimal cost of \$818;
- \$2,000 of environmental tests to research the purchase of an existing building and land planned to be used for a new township hall.

Total depreciation expense allocated to governmental fund activities totaled \$5,733.

The Township did not incur any debt such as bond sales, loans etc. during the year.

Economic Conditions and Future Activities

Given the continued slow recovery of the economy, the Township continues to anticipate further future reductions in state shared revenues. The Township also participates in various grants for community services and infrastructure development. These grant activities were included in the financial statements for the year ended June 30, 2005 and are continuing into the next fiscal period.

The Township is in the process of investigating the purchase of a site (includes building) for a new Township Hall. Management believes the total cost of the site will be approximately \$500,000 after needed renovations are completed.

Contacting the Township's Financial Management

This report is designed to provide a general overview of the Township's financial position and comply with finance-related regulations. If you have any further questions about this report or request additional information please contact the Township of Rose 204 Franklin St., Holly, MI 48442.

BASIC FINANCIAL
STATEMENTS

GOVERNMENT - WIDE
FINANCIAL
STATEMENTS

TOWNSHIP OF ROSE
STATEMENT OF NET ASSETS
JUNE 30, 2005

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 1,723,280
Receivables	
State shared revenues	136,455
Other accounts receivable	28,740
Capital assets, net of depreciation:	
Land	129,850
Building and improvements	46,280
Machinery and equipment	106,301
Construction in progress	2,000
Less: accumulated depreciation	<u>(101,738)</u>
Total assets	<u>2,071,168</u>
LIABILITIES	
Accounts payable	<u>54,769</u>
NET ASSETS	
Investment in capital assets	182,693
Restricted for:	
Fire protection	382,647
Public works	233,139
Unrestricted	<u>1,217,920</u>
Total net assets	<u>\$ 2,016,399</u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF ROSE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

		Program Revenues			Net Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
	<u>Expenses</u>				
GOVERNMENTAL ACTIVITIES					
General government	\$ (695,340)	\$ 218,183	\$ 13,418	\$ 21,076	\$ (442,663)
Fire protection	(307,422)				(307,422)
Public works	(209,706)	71,247			(138,459)
Parks and recreation	(4,809)				(4,809)
Community development	<u>(31,760)</u>		<u>20,025</u>		<u>(11,735)</u>
Total governmental activities	<u>\$ (1,249,037)</u>	<u>\$ 289,430</u>	<u>\$ 33,443</u>	<u>\$ 21,076</u>	<u>(905,088)</u>
General Revenues:					
					524,385
					417,873
					30,864
					<u>26,078</u>
					<u>999,200</u>
					94,112
					<u>1,922,287</u>
					<u>\$ 2,016,399</u>

The accompanying notes are an integral part of the financial statements.

FUND
FINANCIAL
STATEMENTS

TOWNSHIP OF ROSE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2005

	<u>General</u>	<u>Fire Fund</u>	<u>Building Inspection Fund</u>	<u>Fish Lake Weed Control Fund</u>	<u>Cable PEG Fund</u>	<u>Lake Braemar Fund</u>
<u>ASSETS</u>						
ASSETS						
Cash and cash equivalents	\$ 750,967	\$ 382,647	\$ 28,616	\$ 15,406	\$ 71,205	\$ 66,629
Receivables						
State shared revenues	136,455					
Accounts	17,428				2,593	
Due from other funds	<u>3,908</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 908,758</u>	<u>\$ 382,647</u>	<u>\$ 28,616</u>	<u>\$ 15,406</u>	<u>\$ 73,798</u>	<u>\$ 66,629</u>
<u>LIABILITIES AND FUND BALANCE</u>						
LIABILITIES						
Accounts payable	\$ 34,920	\$	\$ 2,933	\$ 13,080	\$	\$ 1,686
Due to other funds	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>34,920</u>	<u> </u>	<u>2,933</u>	<u>13,080</u>	<u> </u>	<u>1,686</u>
FUND BALANCES						
Unreserved	873,838	382,647	25,683		73,798	
Designated	<u> </u>	<u> </u>	<u> </u>	<u>2,326</u>	<u> </u>	<u>64,943</u>
Total fund balances	<u>873,838</u>	<u>382,647</u>	<u>25,683</u>	<u>2,326</u>	<u>73,798</u>	<u>64,943</u>
Total liabilities and fund balances	<u>\$ 908,758</u>	<u>\$ 382,647</u>	<u>\$ 28,616</u>	<u>\$ 15,406</u>	<u>\$ 73,798</u>	<u>\$ 66,629</u>

The accompanying notes are an integral part of the financial statements.

Infrastructure Fund	Non-major Funds	Total
\$ 236,353	\$ 171,457	\$ 1,723,280
		136,455
5,618		25,639
		<u>3,908</u>
<u>\$ 241,971</u>	<u>\$ 171,457</u>	<u>\$ 1,889,282</u>
\$ 1,000	\$ 1,150	\$ 54,769
<u>807</u>		<u>807</u>
<u>1,807</u>	<u>1,150</u>	<u>55,576</u>
240,164	4,437	1,600,567
	<u>165,870</u>	<u>233,139</u>
<u>240,164</u>	<u>170,307</u>	<u>1,833,706</u>
<u>\$ 241,971</u>	<u>\$ 171,457</u>	<u>\$ 1,889,282</u>

TOWNSHIP OF ROSE
RECONCILIATION OF STATEMENT OF NET ASSETS
OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET
JUNE 30, 2005

Amounts reported for governmental activities in the Statement
of Net Assets are different because:

Total fund balance per balance sheet		\$ 1,833,706
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		
Historical cost	\$ 284,431	
Depreciation	<u>(101,738)</u>	
Capital assets net of depreciation		<u>182,693</u>
Net assets of governmental activities		<u>\$ 2,016,399</u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF ROSE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	<u>General</u>	<u>Fire Fund</u>	<u>Building Inspection Fund</u>	<u>Fish Lake Weed Control Fund</u>	<u>Cable PEG Fund</u>
REVENUES					
Taxes	\$ 227,254	\$ 297,131	\$	\$ 16,625	\$
Special assessments					
State shared revenues	417,873				
Grant income	34,494				
Licenses and permits	27,445		95,930		9,585
Charges for services	79,605				
Interest	16,603	6,623	232	74	1,050
Miscellaneous	<u>26,078</u>	<u></u>	<u></u>	<u></u>	<u></u>
Total revenues	<u>829,352</u>	<u>303,754</u>	<u>96,162</u>	<u>16,699</u>	<u>10,635</u>
EXPENDITURES					
General government	621,132		85,481		4,877
Fire protection		307,422			
Community development	11,735				
Parks and recreation	4,002				
Public works	<u>91,952</u>	<u></u>	<u></u>	<u>14,373</u>	<u></u>
Total expenditures	<u>728,821</u>	<u>307,422</u>	<u>85,481</u>	<u>14,373</u>	<u>4,877</u>
Excess of revenues over (under) expenditures	100,531	(3,668)	10,681	2,326	5,758
OTHER FINANCING SOURCES (USES)					
Transfers in					
Transfers out	<u>(34,000)</u>	<u></u>	<u></u>	<u></u>	<u></u>
Total other financing sources (uses)	<u>(34,000)</u>	<u></u>	<u></u>	<u></u>	<u></u>
Excess of revenues over (under) expenditures and other financing sources (uses)	66,531	(3,668)	10,681	2,326	5,758
FUND BALANCE, JULY 1, 2004	<u>807,307</u>	<u>386,315</u>	<u>15,002</u>	<u></u>	<u>68,040</u>
FUND BALANCE, JUNE 30, 2005	<u>\$ 873,838</u>	<u>\$ 382,647</u>	<u>\$ 25,683</u>	<u>\$ 2,326</u>	<u>\$ 73,798</u>

The accompanying notes are an integral part of the financial statements.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

<u>Lake Braemar Fund</u>	<u>Infrastructure Fund</u>	<u>Non-major Funds</u>	<u>Total</u>
\$ 17,040	\$	\$ 29,527	\$ 524,385
			63,192
			417,873
		20,025	54,519
	5,618		138,578
		8,055	87,660
645	3,876	1,761	30,864
<u>17,685</u>	<u>9,494</u>	<u>59,368</u>	<u>26,078</u>
			<u>1,343,149</u>
	2,818		714,308
			307,422
		20,025	31,760
			4,002
<u>17,090</u>	<u>2,818</u>	<u>86,291</u>	<u>209,706</u>
<u>17,090</u>	<u>2,818</u>	<u>106,316</u>	<u>1,267,198</u>
595	6,676	(46,948)	75,951
	25,000	9,000	34,000
<u>595</u>	<u>25,000</u>	<u>9,000</u>	<u>(34,000)</u>
	<u>25,000</u>	<u>9,000</u>	
595	31,676	(37,948)	75,951
<u>64,348</u>	<u>208,488</u>	<u>208,255</u>	<u>1,757,755</u>
<u>\$ 64,943</u>	<u>\$ 240,164</u>	<u>\$ 170,307</u>	<u>\$ 1,833,706</u>

TOWNSHIP OF ROSE
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - governmental funds	\$ 75,951
--	-----------

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their useful lives as depreciation expense. The amount by which capital outlays exceeded depreciation is as follows:

Capital outlay	\$ 23,894	
Depreciation expense	<u>(5,733)</u>	
Total		<u>18,161</u>
Change in net assets of governmental activities		<u>\$ 94,112</u>

The accompanying notes are an integral part of the financial statements.

NOTES
TO
FINANCIAL
STATEMENTS

TOWNSHIP OF ROSE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township of Rose conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

A. BASIC FINANCIAL STATEMENTS

In accordance with GASB Statement No. 34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Assets and Statement of Activities) report on the Township as a whole, excluding fiduciary activities. Governmental fund types are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Generally, the effect of interfund activity has been removed from the government-wide financial statements.

The government-wide Statement of Net Assets reports all financial and capital resources of the Township (excluding fiduciary funds). It is displayed in a format of assets less liabilities equals net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components: 1) invested in capital assets 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as restricted, are shown as unrestricted. Generally, the Township would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The government-wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the Township are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expense between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

TOWNSHIP OF ROSE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

Also, part of the basic financial statements are fund financial statements for the governmental funds. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures of fund category and of the governmental funds combined), it also gives governments the option of displaying other funds as major funds. Other non-major funds are combined in a single column on the fund financial statements.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Fire Fund accounts for the activity associated with contracting for fire protection services. This fund is supported by property taxes approved from a separately voted millage.

The Building Inspection Fund accounts for the Township's building departments activities. This fund is primarily supported through the collection of licenses and permit fees.

The Fish Lake Weed Control Fund accounts for the activities related to the maintenance of the area surrounding Fish Lake. The residents benefiting from this maintenance are assessed amounts related to the cost of the maintenance.

The Cable PEG Fund accounts for the cable franchise fees collected from the cable service provider to be spent for designated Township projects.

The Lake Braemar Fund accounts for the activities related to the maintenance of the area surrounding Lake Braemar. The residents benefiting from this maintenance are assessed amounts related to the cost of the maintenance.

The Infrastructure Fund accounts for the activities related to the transfers made by the General fund to provide for future capital improvements projects.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The governmental fund financial statements are prepared on a modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

- A. Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, licenses, fees and permits, intergovernmental revenues, charges for services and interest.
- B. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

TOWNSHIP OF ROSE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

- C. Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as another financing source.

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balances as a measure of available spendable resources.

This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the Township's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

Fiduciary funds account for assets held by the Township in a trustee or agency capacity on behalf of others and, therefore, are not available to support Township programs. The reporting focus is upon net assets and changes in net assets and employs accounting principles similar to proprietary funds. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the Township available to support Township programs.

C. BUDGETARY DATA

The Township approves budgets for the general, special revenue and capital projects funds. Amendments made during the fiscal year are reflected in the budget column of the appropriate financial statement. The budgets are prepared on a modified accrual basis

D. PROPERTY TAXES

The Township property tax is levied each December 1 on the taxable valuation of property located in the township as of the preceding December 31. Taxable values are established annually by the county and are equalized by the state. Real and personal property in the Township for the 2004 levy was assessed at an adjusted taxable value of \$213,774,204. Taxes are due and payable by February 28. Delinquent real and personal property taxes are returned to the County Treasurer for collection.

The Township levies the following millage:

General Township	1.0545
Fire	<u>1.4115</u>
Total millage	<u><u>2.4660</u></u>

TOWNSHIP OF ROSE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

Michigan personal property tax assessments have been based, since the 1960's, on the use of one or more of several different multiplier tables formulated by the State Tax Commission against taxpayer reported original cost, depending on the assessor's view of the average life of the personal property. The State Tax Commission has indicated that it plans to reformulate the multipliers. The State Tax Tribunal has informally indicated that once the new multipliers are approved, it may allow them to be applied retroactively in pending personal property tax appeals.

E. CAPITAL ASSETS

Under GASB Statement No. 34, all capital assets whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Land is considered a capital asset regardless of initial cost. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings, structures and improvements	10 to 50 years
Machinery and equipment	5 to 40 years

Any capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

F. MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

TOWNSHIP OF ROSE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 2 - DESCRIPTION OF REPORTING ENTITY

In accordance with Governmental Accounting Standards Board (GASB) statement number 39, all funds, agencies, and activities of the Township of Rose as the primary government have been included in the financial statements.

NOTE 3 - INTERFUND BALANCES

All interfund balances are short-term in character. Interfund transfers will be collected during the next reporting period. These amounts are reported as current assets in the governmental balance sheets. The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General Fund	\$ 190	Trust and Agency Fund	\$ 190
General Fund	2,911	Current Tax Collection Fund	2,911
General Fund	<u>807</u>	Infrastructure Fund	<u>807</u>
	<u>\$ 3,908</u>		<u>\$ 3,908</u>

NOTE 4 - EMPLOYEE RETIREMENT PLAN

The Township participates in the John Hancock Defined Contribution Pension Plan Group No. 89571 for Michigan Township employees. This is a single-employer plan. All full-time employees are eligible to participate in the plan. The Township contributes 10% of participant's compensation, while an employee may contribute 1% to 10% of compensation. Annual compensation used to determine the current year contribution is as of July 1, preceding the year. Contribution information is as follows:

TOTAL CURRENT YEAR EMPLOYER CONTRIBUTIONS \$ 21,977

This balance reflects contributions for the period from July 1, 2004 to June 30, 2005. The current year employee and employer contribution for the year ended June 30, 2005, was \$33,042. Interest has been credited to June 30, 2005.

NOTE 5 - POST-EMPLOYMENT BENEFITS

In the early 1990's the Township approved a resolution to offer all eligible full-time employees/elected officials medical, hospitalization, and dental insurance. To be eligible one must complete 16 years of service and have obtained the age of 65. The Township only contributes the costs of having coverage as a single person. As of the year ended June 30, 2005 there were 3 individuals receiving these benefits and 1 other individual having completed the service requirement, but have yet to obtain the age of 65. There are also 8 individuals that may qualify to receive these benefits, but have not met the service or age prerequisites. The above policy was eliminated in 2003 to stop the benefit for all new employees.

TOWNSHIP OF ROSE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 5 - POST-EMPLOYMENT BENEFITS - (continued)

The expenditures made on behalf of the 3 individuals collecting post-employment benefits for the fiscal year ending June 30, 2005 was \$19,973. The Township is funding this program on a pay-as-you-go basis and has not obtained an actuarial evaluation of future obligations.

The Governmental Accounting Standards Board has released Statement Number 45, *Accounting and Reporting by Employers for Post Employment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" post employment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending June 30, 2009.

NOTE 6 - RECONCILIATION OF FUND FINANCIAL STATEMENTS
TO GOVERNMENT-WIDE FINANCIAL STATEMENTS

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total fund balance per balance sheet	\$ 1,833,706
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Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.

Historical cost	\$ 284,431
Depreciation	<u>(101,738)</u>

Capital assets net of depreciation	<u>182,693</u>
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Net assets of governmental activities	<u>\$ 2,016,399</u>
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Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - governmental funds	\$ 75,951
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Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their useful lives as depreciation expense. The amount by which capital outlays exceeded depreciation is as follows:

Capital outlay	\$ 23,894
Depreciation expense	<u>(5,733)</u>

Total	<u>18,161</u>
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Change in net assets of governmental activities	<u>\$ 94,112</u>
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TOWNSHIP OF ROSE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2005 was as follows:

	Balance 7/1/04	Additions	Deletions	Balance 6/30/05
Land	\$ 129,032	\$ 818	\$	\$ 129,850
Buildings and improvements	46,280			46,280
Machinery and equipment	85,225	21,076		106,301
New Township Hall - preliminary costs	<u> </u>	<u>2,000</u>	<u> </u>	<u>2,000</u>
Total capital assets	260,537	23,894		284,431
Accumulated depreciation	<u>(96,005)</u>	<u>(5,733)</u>	<u> </u>	<u>(101,738)</u>
Governmental activities capital asset, net	<u>\$ 164,532</u>	<u>\$ 18,161</u>	<u>\$</u>	<u>\$ 182,693</u>

Depreciation expense is being recorded in the government-wide statement of activities based upon the fund and activity utilizing the assets. The Township utilizes the straight line method to depreciate capital assets over their estimated useful lives. No debt is associated with these capital assets. Depreciation expense was allocated to the following activities:

General government	\$ 4,926
Parks and recreation	<u>807</u>
	<u>\$ 5,733</u>

NOTE 8 - DEPOSITS WITH FINANCIAL INSTITUTIONS

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit union, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal Agency obligation repurchase agreements; bankers; acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The Township's deposits and investments are in accordance with statutory authority.

TOWNSHIP OF ROSE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 8 - DEPOSITS WITH FINANCIAL INSTITUTIONS - (continued)

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the Township's deposits and investments are as follows:

<u>Deposits</u>	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Total</u>	<u>Bank Balance</u>
Insured	\$ 200,000	\$ -0-	\$ 200,000	200,000
Uninsured and uncollateralized	<u>1,523,280</u>	<u>70,233</u>	<u>1,593,513</u>	<u>1,652,231</u>
Total deposits	<u>\$ 1,723,280</u>	<u>\$ 70,233</u>	<u>\$ 1,793,513</u>	<u>\$ 1,852,231</u>

NOTE 9 - CONTINGENT LIABILITIES

The Township is involved in various legal actions arising in the normal course of business. In the opinion of management, such matters will not have a material effect upon the financial position of the Township.

REQUIRED SUPPLEMENTARY
INFORMATION

TOWNSHIP OF ROSE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	Budgets		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Property taxes	\$ 225,650	\$ 227,275	\$ 227,254	\$ (21)
State shared revenues	426,000	422,000	417,873	(4,127)
Licenses and permits	26,250	26,250	27,445	1,195
Charges for services	57,475	73,267	79,605	6,338
Other revenues	<u>70,000</u>	<u>31,600</u>	<u>77,175</u>	<u>45,575</u>
Total revenues	<u>805,375</u>	<u>780,392</u>	<u>829,352</u>	<u>48,960</u>
EXPENDITURES				
Township board	14,225	14,225	12,466	1,759
Supervisor	40,350	40,350	40,200	150
Elections	13,400	18,565	39,588	(21,023)
Assessor	27,875	29,370	29,370	
Clerk	87,330	86,480	84,255	2,225
Board of review	1,950	1,570	1,570	
Treasurer	103,310	103,310	99,909	3,401
Building and grounds	13,725	17,825	16,394	1,431
Unallocated	216,980	189,180	199,004	(9,824)
Ordinance enforcement	27,950	28,150	27,776	374
Planning commission	100,445	76,145	70,025	6,120
Zoning board of appeals	2,300	600	575	25
Public works	133,600	93,400	91,952	1,448
Senior citizens	2,000	2,000	1,500	500
Community promotion	3,625	3,625	3,625	
Parks and recreation	4,300	4,300	4,002	298
Library	<u>6,610</u>	<u>6,610</u>	<u>6,610</u>	
Total expenditures	<u>799,975</u>	<u>715,705</u>	<u>728,821</u>	<u>(13,116)</u>
Excess of revenues over (under) expenditures	5,400	64,687	100,531	35,844
OTHER FINANCING (USES)				
Transfers (out)	<u>(5,000)</u>	<u>(34,000)</u>	<u>(34,000)</u>	
Excess of revenues over (under) expenditures and other financing sources (uses)	400	30,687	66,531	35,844
FUND BALANCE, JULY 1, 2004	<u>807,307</u>	<u>807,307</u>	<u>807,307</u>	
FUND BALANCE, JUNE 30, 2005	<u>\$ 807,707</u>	<u>\$ 837,994</u>	<u>\$ 873,838</u>	<u>\$ 35,844</u>

TOWNSHIP OF ROSE
FIRE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	Budgets		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Property taxes	\$	\$	\$ 297,131	\$
Interest income			6,623	
Total revenues	302,500	302,500	303,754	1,254
EXPENDITURES				
Contractual services	309,000	312,080	307,422	4,658
Excess of revenues over (under) expenditures	(6,500)	(9,580)	(3,668)	5,912
FUND BALANCE, JULY 1, 2004	386,315	386,315	386,315	
FUND BALANCE, JUNE 30, 2005	\$ 379,815	\$ 376,735	\$ 382,647	\$ 5,912

TOWNSHIP OF ROSE
BUILDING INSPECTION FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	Budgets		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Business licenses and permits	\$	\$	\$ 95,930	\$
Interest income			232	
Total revenues	88,100	88,100	96,162	8,062
EXPENDITURES				
Salaries			32,634	
Payroll taxes			2,497	
Health insurance			10,308	
Retirement			2,976	
Supplies			785	
Postage			41	
Audit fees			700	
Inspection fees			29,909	
Office overhead			2,400	
Dues and subscriptions			90	
Telephone			2,871	
Prescription reimbursement			270	
Total expenditures	87,614	87,914	85,481	2,433
Excess of revenues over (under) expenditures	486	186	10,681	10,495
FUND BALANCE, JULY 1, 2004	15,002	15,002	15,002	
FUND BALANCE, JUNE 30, 2005	\$ 15,488	\$ 15,188	\$ 25,683	\$ 10,495

TOWNSHIP OF ROSE
FISH LAKE WEED CONTROL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	Budgets		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Special assessments	\$	\$	\$ 16,625	\$
Interest			74	
Total revenues	17,175	17,175	16,699	(476)
EXPENDITURES				
Weed control projects	16,255	16,255	14,373	1,882
Excess of revenues over (under) expenditures	920	920	2,326	1,406
FUND BALANCE, JULY 1, 2004				
FUND BALANCE, JUNE 30, 2005	\$ 920	\$ 920	\$ 2,326	\$ 1,406

TOWNSHIP OF ROSE
CABLE PEG FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	Budgets			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Cable franchise fees	\$	\$	\$ 9,585	\$
Interest income			1,050	
Total revenues	6,750	9,450	10,635	1,185
EXPENDITURES				
Salaries			4,300	
Payroll taxes			164	
Retirement			413	
Total expenditures	2,525	6,750	4,877	1,873
Excess of revenues over (under) expenditures	4,225	2,700	5,758	3,058
FUND BALANCE, JULY 1, 2004	68,040	68,040	68,040	
FUND BALANCE, JUNE 30, 2005	\$ 72,265	\$ 70,740	\$ 73,798	\$ 3,058

TOWNSHIP OF ROSE
LAKE BRAEMAR FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	Budgets			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Special assessments	\$	\$	\$ 17,040	\$
Interest income			645	
Total revenues	16,450	17,590	17,685	95
EXPENDITURES				
Repairs and maintenance	16,000	16,000	17,090	(1,090)
Excess of revenues over (under) expenditures	450	1,590	595	(995)
FUND BALANCE, JULY 1, 2004	64,348	64,348	64,348	
FUND BALANCE, JUNE 30, 2005	\$ 64,798	\$ 65,938	\$ 64,943	\$ (995)

SUPPLEMENTARY
INFORMATION

COMBINING
STATEMENTS

TOWNSHIP OF ROSE
ALL SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2005

	<u>Fire</u>	<u>Building Inspection</u>	<u>Fish Lake Road</u>	<u>Fish Lake Weed Control</u>
<u>ASSETS</u>				
ASSETS				
Cash and investments	\$ 382,647	\$ 28,616	\$ 4,056	\$ 15,406
Accounts receivable - cable				
Total assets	<u>\$ 382,647</u>	<u>\$ 28,616</u>	<u>\$ 4,056</u>	<u>\$ 15,406</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
LIABILITIES				
Accounts payable	\$	\$ 2,933	\$	\$ 13,080
FUND BALANCE				
Reserved for endowment				
Unreserved	<u>382,647</u>	<u>25,683</u>	<u>4,056</u>	<u>2,326</u>
Total fund balance	<u>382,647</u>	<u>25,683</u>	<u>4,056</u>	<u>2,326</u>
Total liabilities and fund balance	<u>\$ 382,647</u>	<u>\$ 28,616</u>	<u>\$ 4,056</u>	<u>\$ 15,406</u>

<u>Tipsico Lake</u>	<u>Cemetery</u>	<u>Cable PEG</u>	<u>Community Development</u>	<u>Lake Braemar</u>	<u>Street Lighting</u>	<u>Totals</u>
\$ 125,194	\$ 41,366	\$ 71,205 2,593	\$	\$ 66,629	\$ 841	\$ 735,960 2,593
<u>\$ 125,194</u>	<u>\$ 41,366</u>	<u>\$ 73,798</u>	<u>\$</u>	<u>\$ 66,629</u>	<u>\$ 841</u>	<u>\$ 738,553</u>

\$	\$ 1,150	\$	\$	\$ 1,686	\$	\$ 18,849
125,194	35,779 4,437	73,798		64,943	841	35,779 683,925
<u>125,194</u>	<u>40,216</u>	<u>73,798</u>	<u></u>	<u>64,943</u>	<u>841</u>	<u>719,704</u>
<u>\$ 125,194</u>	<u>\$ 41,366</u>	<u>\$ 73,798</u>	<u>\$</u>	<u>\$ 66,629</u>	<u>\$ 841</u>	<u>\$ 738,553</u>

TOWNSHIP OF ROSE
ALL TRUST AND AGENCY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2005

	<u>Current Tax Collection</u>	<u>Trust and Agency</u>	<u>Totals</u>
ASSET			
Cash and investments	<u>\$ 2,911</u>	<u>\$ 67,322</u>	<u>\$ 70,233</u>
LIABILITIES			
Due to other funds	\$ 2,911	\$ 190	\$ 3,101
Performance bonds	<u> </u>	<u>67,132</u>	<u>67,132</u>
Total liabilities	<u>\$ 2,911</u>	<u>\$ 67,322</u>	<u>\$ 70,233</u>

TOWNSHIP OF ROSE
ALL SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Fire</u>	<u>Building Inspection</u>	<u>Fish Lake Road</u>	<u>Fish Lake Weed Control</u>
REVENUES				
Property taxes	\$ 297,131	\$	\$	\$
Business licenses and permits		95,930		
Special assessments			7,948	16,625
Franchise fees				
Lot sales and transfers				
Grant revenue				
Interest	<u>6,623</u>	<u>232</u>	<u>65</u>	<u>74</u>
Total revenues	<u>303,754</u>	<u>96,162</u>	<u>8,013</u>	<u>16,699</u>
EXPENDITURES				
Fire protection	307,422			
Ordinance enforcement		85,481		
Road maintenance			9,622	
Lake maintenance				14,373
Cemetery maintenance				
Community development				
Street lighting	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>307,422</u>	<u>85,481</u>	<u>9,622</u>	<u>14,373</u>
Excess of revenues over (under) expenditures	(3,668)	10,681	(1,609)	2,326
OTHER FINANCING SOURCES				
Transfers in	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Excess of revenues over (under) expenditures and other financing sources	(3,668)	10,681	(1,609)	2,326
FUND BALANCE, JULY 1, 2004	<u>386,315</u>	<u>15,002</u>	<u>5,665</u>	<u> </u>
FUND BALANCE, JUNE 30, 2005	<u>\$ 382,647</u>	<u>\$ 25,683</u>	<u>\$ 4,056</u>	<u>\$ 2,326</u>

<u>Tipsico Lake</u>	<u>Cemetery</u>	<u>Cable PEG</u>	<u>Community Development</u>	<u>Lake Braemar</u>	<u>Street Lighting</u>	<u>Totals</u>
\$	\$	\$	\$	\$	\$	\$ 297,131
20,629				17,040	950	95,930
		9,585				63,192
	8,055					9,585
			20,025			8,055
						20,025
<u>1,466</u>	<u>222</u>	<u>1,050</u>	<u>20,025</u>	<u>645</u>	<u>8</u>	<u>10,385</u>
<u>22,095</u>	<u>8,277</u>	<u>10,635</u>	<u>20,025</u>	<u>17,685</u>	<u>958</u>	<u>504,303</u>
						307,422
						85,481
						9,622
57,721				17,090		89,184
	17,993					17,993
		4,877	20,025			24,902
<u>57,721</u>	<u>17,993</u>	<u>4,877</u>	<u>20,025</u>	<u>17,090</u>	<u>955</u>	<u>955</u>
<u>57,721</u>	<u>17,993</u>	<u>4,877</u>	<u>20,025</u>	<u>17,090</u>	<u>955</u>	<u>535,559</u>
(35,626)	(9,716)	5,758		595	3	(31,256)
	9,000					9,000
(35,626)	(716)	5,758		595	3	(22,256)
<u>160,820</u>	<u>40,932</u>	<u>68,040</u>	<u>20,025</u>	<u>64,348</u>	<u>838</u>	<u>741,960</u>
<u>\$ 125,194</u>	<u>\$ 40,216</u>	<u>\$ 73,798</u>	<u>\$ 20,025</u>	<u>\$ 64,943</u>	<u>\$ 841</u>	<u>\$ 719,704</u>

INDIVIDUAL
FUNDS

GENERAL
FUND

TOWNSHIP OF ROSE
GENERAL FUND
BALANCE SHEET
JUNE 30, 2005

ASSETS

ASSETS

Cash and investments	\$ 750,967
Accounts receivable	17,428
State shared revenues receivable	136,455
Due from other funds	<u>3,908</u>

Total assets		<u>\$ 908,758</u>
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LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 34,920
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FUND BALANCE

Undesignated	<u>873,838</u>
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Total liabilities and fund balance	<u>\$ 908,758</u>
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TOWNSHIP OF ROSE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 227,275	\$ 227,254	\$ (21)
State shared revenues	422,000	417,873	(4,127)
Licenses and permits	26,250	27,445	1,195
Charges for services	73,267	79,605	6,338
Other revenues	<u>31,600</u>	<u>77,175</u>	<u>45,575</u>
Total revenues	<u>780,392</u>	<u>829,352</u>	<u>48,960</u>
EXPENDITURES			
Township board	14,225	12,466	1,759
Supervisor	40,350	40,200	150
Elections	18,565	39,588	(21,023)
Assessor	29,370	29,370	
Clerk	86,480	84,255	2,225
Board of review	1,570	1,570	
Treasurer	103,310	99,909	3,401
Building and grounds	17,825	16,394	1,431
Unallocated	189,180	199,004	(9,824)
Ordinance enforcement	28,150	27,776	374
Planning commission	76,145	70,025	6,120
Zoning board of appeals	600	575	25
Public works	93,400	91,952	1,448
Senior citizens	2,000	1,500	500
Community promotion	3,625	3,625	
Parks and recreation	4,300	4,002	298
Library	<u>6,610</u>	<u>6,610</u>	
Total expenditures	<u>715,705</u>	<u>728,821</u>	<u>(13,116)</u>
Excess of revenues over expenditures	64,687	100,531	35,844
OTHER FINANCING (USES)			
Transfer (out)	<u>(34,000)</u>	<u>(34,000)</u>	
Excess of revenues over (under) expenditures and other financing (uses)	30,687	66,531	35,844
FUND BALANCE, JULY 1, 2004	<u>807,307</u>	<u>807,307</u>	
FUND BALANCE, JUNE 30, 2005	<u>\$ 837,994</u>	<u>\$ 873,838</u>	<u>\$ 35,844</u>

TOWNSHIP OF ROSE
GENERAL FUND
STATEMENT OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	Amended Budget	Actual	Variance Favorable (Unfavorable)
PROPERTY TAXES	\$ 227,275	\$ 227,254	\$ (21)
STATE SHARED REVENUES	422,000	417,873	(4,127)
LICENSES AND PERMITS			
Dog licenses		277	
Cable franchise fees		27,168	
Total licenses and permits	26,250	27,445	1,195
CHARGES FOR SERVICES			
Election reimbursements		4,612	
Pest control		4,301	
Planning commission		6,980	
Passports		690	
Board of appeals		2,200	
Tower rental		48,440	
Other charges for services		1,345	
Tax collection fees		11,037	
Total charges for services	73,267	79,605	6,338
OTHER REVENUES			
Grant - voting machines		21,076	
Infrastructure grant		13,418	
Interest		16,603	
Fines		455	
Miscellaneous		25,623	
Total other revenues	31,600	77,175	45,575
Total revenues	\$ 780,392	\$ 829,352	\$ 48,960

TOWNSHIP OF ROSE
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
TOWNSHIP BOARD			
Per diems	\$	\$ 5,600	\$
Health insurance		6,306	
Pension		<u>560</u>	
Total township board	<u>14,225</u>	<u>12,466</u>	<u>1,759</u>
SUPERVISOR			
Salary	<u>40,350</u>	<u>40,200</u>	<u>150</u>
ELECTIONS			
Inspectors		7,005	
Supplies		2,164	
School election supplies		4,421	
Postage		682	
Contracted services		1,217	
Training and memberships		896	
Mileage		249	
Printing		1,193	
Repairs		685	
Capital outlay		<u>21,076</u>	
Total elections	<u>18,565</u>	<u>39,588</u>	<u>(21,023)</u>
ASSESSOR			
Salaries		27,320	
Clerical services		1,299	
Supplies		<u>751</u>	
Total assessor	<u>29,370</u>	<u>29,370</u>	
CLERK			
Salary		40,200	
Deputy clerk		27,750	
Health insurance		8,071	
Pension		6,845	
Contracted services		1,145	
Supplies		217	
Miscellaneous		<u>27</u>	
Total clerk	<u>86,480</u>	<u>84,255</u>	<u>2,225</u>

TOWNSHIP OF ROSE
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - (continued)
FOR THE YEAR ENDED JUNE 30, 2005

	Amended Budget	Actual	Variance Favorable (Unfavorable)
BOARD OF REVIEW			
Salaries	<u>1,570</u>	<u>1,570</u>	<u> </u>
TREASURER			
Salary		40,200	
Deputy treasurer		22,400	
Health insurance		29,952	
Pension		6,260	
Supplies		470	
Mileage		<u>627</u>	
Total treasurer	<u>103,310</u>	<u>99,909</u>	<u>3,401</u>
BUILDINGS AND GROUNDS			
Salary		6,051	
Supplies		250	
Utilities		3,652	
Repairs		<u>6,441</u>	
Total building and grounds	<u>17,825</u>	<u>16,394</u>	<u>1,431</u>
UNALLOCATED			
Salaries		500	
Payroll taxes		20,893	
Health insurance		19,973	
Retirement		758	
Supplies		1,817	
Summer tax collection		3,750	
Mailing expense		4,249	
Audit fees		6,350	
Engineering services		4,000	
Computer services		11,578	
Attorney fees		57,447	
Cable consultant		664	
Dues and subscriptions		5,372	
Telephone		8,313	
Printing and publishing		4,777	
Insurance and bonds		37,814	
Prescription reimbursement		1,705	
Miscellaneous		3,638	
Repairs and maintenance		1,505	
Infrastructure projects		1,867	
Small equipment		<u>2,034</u>	
Total unallocated	<u>189,180</u>	<u>199,004</u>	<u>(9,824)</u>

TOWNSHIP OF ROSE
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - (continued)
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
ORDINANCE ENFORCEMENT			
Constable		10,000	
Zoning enforcement		10,000	
Health insurance		5,286	
Pension		2,000	
Supplies		438	
Mileage		<u>52</u>	
Total law enforcement	<u>28,150</u>	<u>27,776</u>	<u>374</u>
PLANNING COMMISSION			
Salaries		34,070	
Retirement		2,907	
Supplies		272	
Planning services		21,625	
Infrastructure projects		<u>11,151</u>	
Total planning commission	<u>76,145</u>	<u>70,025</u>	<u>6,120</u>
ZONING BOARD OF APPEALS			
Salaries	<u>600</u>	<u>575</u>	<u>25</u>
PUBLIC WORKS			
Street lighting		2,483	
Recycling		2,050	
Clean-up day		15,752	
Pest control program		3,231	
Chloride		68,036	
Infrastructure projects		<u>400</u>	
Total public works	<u>93,400</u>	<u>91,952</u>	<u>1,448</u>

TOWNSHIP OF ROSE
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - (continued)
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
SENIOR CITIZENS	<u>2,000</u>	<u>1,500</u>	<u>500</u>
COMMUNITY PROMOTION			
Youth assistance	<u>3,625</u>	<u>3,625</u>	<u></u>
PARKS AND RECREATION			
Repairs	<u>4,300</u>	<u>4,002</u>	<u>298</u>
LIBRARY			
Library services	<u>6,610</u>	<u>6,610</u>	<u></u>
Total expenditures	<u>\$ 715,705</u>	<u>\$ 728,821</u>	<u>\$ (13,116)</u>

FIRE
FUND

TOWNSHIP OF ROSE
FIRE FUND
BALANCE SHEET
JUNE 30, 2005

ASSETS

ASSETS

Cash and investments

\$ 382,647

FUND BALANCE

FUND BALANCE

\$ 382,647

TOWNSHIP OF ROSE
FIRE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$	\$ 297,131	\$
Interest income	<u> </u>	<u>6,623</u>	<u> </u>
Total revenues	302,500	303,754	1,254
EXPENDITURES			
Contractual services	<u>312,080</u>	<u>307,422</u>	<u>4,658</u>
Excess of revenues over (under) expenditures	(9,580)	(3,668)	5,912
FUND BALANCE, JULY 1, 2004	<u>386,315</u>	<u>386,315</u>	<u> </u>
FUND BALANCE, JUNE 30, 2005	<u>\$ 376,735</u>	<u>\$ 382,647</u>	<u>\$ 5,912</u>

BUILDING
INSPECTION
FUND

TOWNSHIP OF ROSE
BUILDING INSPECTION FUND
BALANCE SHEET
JUNE 30, 2005

ASSETS

ASSETS

Cash and cash equivalents

\$ 28,616

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable

\$ 2,933

FUND BALANCE

25,683

Total liabilities and fund balance

\$ 28,616

TOWNSHIP OF ROSE
BUILDING INSPECTION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Business licenses and permits	\$	\$ 95,930	\$
Interest income		<u>232</u>	
Total revenues	<u>88,100</u>	<u>96,162</u>	<u>8,062</u>
EXPENDITURES			
Salaries		32,634	
Payroll taxes		2,497	
Health insurance		10,308	
Retirement		2,976	
Supplies		785	
Postage		41	
Audit fees		700	
Inspection fees		29,909	
Office overhead		2,400	
Dues and subscriptions		90	
Telephone		2,871	
Prescription reimbursement		<u>270</u>	
Total expenditures	<u>87,914</u>	<u>85,481</u>	<u>2,433</u>
Excess of revenues over (under) expenditures	186	10,681	10,495
FUND BALANCE, JULY 1, 2004	<u>15,002</u>	<u>15,002</u>	
FUND BALANCE, JUNE 30, 2005	<u>\$ 15,188</u>	<u>\$ 25,683</u>	<u>\$ 10,495</u>

FISH LAKE ROAD
FUND

TOWNSHIP OF ROSE
FISH LAKE ROAD FUND
BALANCE SHEET
JUNE 30, 2005

ASSETS

ASSETS

Cash and investments

\$ 4,056

FUND BALANCE

RESERVED FUND BALANCE

\$ 4,056

TOWNSHIP OF ROSE
FISH LAKE ROAD FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Special assessments	\$	\$ 7,948	\$
Interest income	<u> </u>	<u>65</u>	<u> </u>
Total revenues	7,960	8,013	53
EXPENDITURES			
Maintenance	<u>10,700</u>	<u>9,622</u>	<u>1,078</u>
Excess of revenues over (under) expenditures	(2,740)	(1,609)	1,131
FUND BALANCE, JULY 1, 2004	<u>5,665</u>	<u>5,665</u>	<u> </u>
FUND BALANCE, JUNE 30, 2005	<u><u>\$ 2,925</u></u>	<u><u>\$ 4,056</u></u>	<u><u>\$ 1,131</u></u>

FISH LAKE
WEED CONTROL
FUND

TOWNSHIP OF ROSE
FISH LAKE WEED CONTROL FUND
BALANCE SHEET
JUNE 30, 2005

ASSETS

ASSETS

Cash

\$ 15,406

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable

\$ 13,080

FUND BALANCE

2,326

Total liabilities and fund balance

\$ 15,406

TOWNSHIP OF ROSE
FISH LAKE WEED CONTROL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Special assessments	\$	\$ 16,625	\$
Interest	<u> </u>	<u> 74</u>	<u> </u>
Total revenues	17,175	16,699	(476)
EXPENDITURES			
Weed control projects	<u>16,255</u>	<u>14,373</u>	<u>1,882</u>
Excess of revenues over (under) expenditures	920	2,326	1,406
FUND BALANCE, JULY 1, 2004	<u> </u>	<u> </u>	<u> </u>
FUND BALANCE, JUNE 30, 2005	<u><u>\$ 920</u></u>	<u><u>\$ 2,326</u></u>	<u><u>\$ 1,406</u></u>

TIPSICO LAKE
FUND

TOWNSHIP OF ROSE
TIPSICO LAKE FUND
BALANCE SHEET
JUNE 30, 2005

ASSETS

ASSETS
Cash

\$ 125,194

FUND BALANCE

FUND BALANCE

\$ 125,194

TOWNSHIP OF ROSE
TIPSICO LAKE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Special assessments	\$	\$ 20,629	\$
Interest	<u> </u>	<u>1,466</u>	<u> </u>
Total revenues	21,000	22,095	1,095
EXPENDITURES			
Maintenance	<u>82,075</u>	<u>57,721</u>	<u>24,354</u>
Excess of revenues over (under) expenditures	(61,075)	(35,626)	25,449
FUND BALANCE, JULY 1, 2004	<u>160,820</u>	<u>160,820</u>	<u> </u>
FUND BALANCE, JUNE 30, 2005	<u>\$ 99,745</u>	<u>\$ 125,194</u>	<u>\$ 25,449</u>

CEMETERY
FUND

TOWNSHIP OF ROSE
CEMETERY FUND
BALANCE SHEET
JUNE 30, 2005

ASSETS

ASSETS

Cash and investments		\$ <u>41,366</u>
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LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable		\$ 1,150
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FUND BALANCE

Reserved for endowment	\$ 35,779	
Unreserved	<u>4,437</u>	

Total fund balance		<u>40,216</u>
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Total liabilities and fund balance		<u>\$ 41,366</u>
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TOWNSHIP OF ROSE
CEMETERY FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Lot sales and transfers	\$	\$ 3,465	\$
Charges for services		4,590	
Interest income		<u>222</u>	
Total revenues	<u>12,525</u>	<u>8,277</u>	<u>(4,248)</u>
EXPENDITURES			
Salaries		10,650	
Payroll taxes		814	
Repairs and maintenance		6,125	
Supplies		<u>404</u>	
Total expenditures	<u>18,250</u>	<u>17,993</u>	<u>257</u>
Excess of revenues over (under) expenditures	(5,725)	(9,716)	(3,991)
OTHER FINANCING SOURCES			
Transfer in	<u>9,000</u>	<u>9,000</u>	
Excess of revenues over (under) expenditures and other financing sources	3,275	(716)	(3,991)
FUND BALANCE, JULY 1, 2004	<u>40,932</u>	<u>40,932</u>	
FUND BALANCE, JUNE 30, 2005	<u>\$ 44,207</u>	<u>\$ 40,216</u>	<u>\$ (3,991)</u>

CABLE

PEG

FUND

TOWNSHIP OF ROSE
CABLE PEG FUND
BALANCE SHEET
JUNE 30, 2005

ASSETS

ASSETS

Cash and investments

\$ 71,205

Accounts receivable - cable company

2,593

Total assets

\$ 73,798

FUND BALANCE

FUND BALANCE

\$ 73,798

TOWNSHIP OF ROSE
CABLE PEG FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Cable franchise fees	\$	\$ 9,585	\$
Interest income	<u> </u>	<u>1,050</u>	<u> </u>
Total revenues	<u>9,450</u>	<u>10,635</u>	<u>1,185</u>
EXPENDITURES			
Salaries		4,300	
Payroll taxes		164	
Retirement	<u> </u>	<u>413</u>	<u> </u>
Total expenditures	<u>6,750</u>	<u>4,877</u>	<u>1,873</u>
Excess of revenues over (under) expenditures	2,700	5,758	3,058
FUND BALANCE, JULY 1, 2004	<u>68,040</u>	<u>68,040</u>	<u> </u>
FUND BALANCE, JUNE 30, 2005	<u>\$ 70,740</u>	<u>\$ 73,798</u>	<u>\$ 3,058</u>

COMMUNITY
DEVELOPMENT
FUND

TOWNSHIP OF ROSE
COMMUNITY DEVELOPMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Grant revenues	<u>\$ 20,507</u>	<u>\$ 20,025</u>	<u>\$ (482)</u>
EXPENDITURES			
Minor home repairs	<u> 19,353</u>	<u> 20,025</u>	<u> (672)</u>
Excess of revenues over (under) expenditures	1,154		
FUND BALANCE, JULY 1, 2004	<u> </u>	<u> </u>	<u> </u>
FUND BALANCE, JUNE 30, 2005	<u><u>\$ 1,154</u></u>	<u><u>\$ </u></u>	<u><u>\$ (1,154)</u></u>

LAKE
BRAEMAR
FUND

TOWNSHIP OF ROSE
LAKE BRAEMAR FUND
BALANCE SHEET
JUNE 30, 2005

ASSETS

ASSETS

Cash and investments

\$ 66,629

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable

\$ 1,686

FUND BALANCE

64,943

Total liabilities and fund balance

\$ 66,629

TOWNSHIP OF ROSE
LAKE BRAEMAR FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Special assessments	\$	\$ 17,040	\$
Interest income	<u> </u>	<u>645</u>	<u> </u>
Total revenues	17,590	17,685	95
EXPENDITURES			
Repairs and maintenance	<u>16,000</u>	<u>17,090</u>	<u>(1,090)</u>
Excess of revenues over (under) expenditures	1,590	595	(995)
FUND BALANCE, JULY 1, 2004	<u>64,348</u>	<u>64,348</u>	<u> </u>
FUND BALANCE, JUNE 30, 2005	<u><u>\$ 65,938</u></u>	<u><u>\$ 64,943</u></u>	<u><u>\$ (995)</u></u>

STREET
LIGHTING
FUND

TOWNSHIP OF ROSE
STREET LIGHTING FUND
BALANCE SHEET
JUNE 30, 2005

ASSETS

ASSETS

Cash and investments

\$ 841

FUND BALANCE

FUND BALANCE

\$ 841

TOWNSHIP OF ROSE
STREET LIGHTING FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Special assessments	\$	\$ 950	\$
Interest income	<u> </u>	<u>8</u>	<u> </u>
Total revenues	955	958	3
EXPENDITURES			
Utilities	<u>955</u>	<u>955</u>	<u> </u>
Excess of revenues over (under) expenditures		3	3
FUND BALANCE, JULY 1, 2004	<u>838</u>	<u>838</u>	<u> </u>
FUND BALANCE, JUNE 30, 2005	<u><u>\$ 838</u></u>	<u><u>\$ 841</u></u>	<u><u>\$ 3</u></u>

INFRASTRUCTURE
FUND

TOWNSHIP OF ROSE
INFRASTRUCTURE FUND
BALANCE SHEET
JUNE 30, 2005

ASSETS

ASSETS

Cash and investments	\$ 236,353	
Accounts receivable - Metro Act	<u>5,618</u>	
Total assets		<u>\$ 241,971</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 1,000	
Due to other funds	<u>807</u>	
Total liabilities		\$ 1,807

FUND BALANCE

		<u>240,164</u>
Total liabilities and fund balance		<u>\$ 241,971</u>

TOWNSHIP OF ROSE
INFRASTRUCTURE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Right of way fees	\$	\$ 5,618	\$
Interest income	<u> </u>	<u>3,876</u>	<u> </u>
Total revenues	5,400	9,494	4,094
EXPENDITURES			
Project costs	<u>5,000</u>	<u>2,818</u>	<u>2,182</u>
Excess of revenues over (under) expenditures	400	6,676	6,276
OTHER FINANCING SOURCES			
Transfer in	<u>3,000</u>	<u>25,000</u>	<u>22,000</u>
Excess of revenues over (under) expenditures and other financing sources	3,400	31,676	28,276
FUND BALANCE, JULY 1, 2004	<u>208,488</u>	<u>208,488</u>	<u> </u>
FUND BALANCE, JUNE 30, 2005	<u>\$ 211,888</u>	<u>\$ 240,164</u>	<u>\$ 28,276</u>

CURRENT
TAX
COLLECTION
FUND

TOWNSHIP OF ROSE
CURRENT TAX COLLECTION FUND
BALANCE SHEET
JUNE 30, 2005

ASSETS

ASSETS

Cash and investments

\$ 2,911

LIABILITIES

LIABILITIES

Due to other funds

\$ 2,911

TRUST
AND
AGENCY
FUND

TOWNSHIP OF ROSE
TRUST AND AGENCY FUND
BALANCE SHEET
JUNE 30, 2005

ASSETS

ASSETS

Cash and investments

\$ 67,322

LIABILITIES

LIABILITIES

Performance bonds

\$ 67,132

Due to other funds

190

Total liabilities

\$ 67,322

TOWNSHIP OF ROSE

COMMENTS
AND
RECOMMENDATIONS

FOR THE YEAR ENDED JUNE 30, 2005

September 28, 2005

Board of Trustees
Township of Rose
Rose Township Hall
204 Franklin Street
Holly, Michigan 48442

Honorable Board of Trustees:

In planning and performing our audit of the financial statements of the Township of Rose for the year ended June 30, 2005, we considered the Township's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of matters that are an opportunity for strengthening internal controls and operating efficiency.

1. COMMENT

The Township adopted a mileage reimbursement policy several years ago at \$.34 per mile. The amount has not been updated since then.

RECOMMENDATION

For administrative efficiency, we recommend the Township consider amending the mileage reimbursement policy to state "the reimbursement amount is at the IRS approved rate." Under this method, an amendment to the policy does not have to be made each time the rate is changed.

2. COMMENT

The Township received four new voting machines through a grant. The total cost would have been approximately \$21,000. The Township did not amend its budget for this transaction.

RECOMMENDATION

Even though no monies were received or disbursed by the Township (non-monetary transaction) under generally accepted accounting principles the budget should have been amended as follows:

Revenue - Grant Income	\$	21,076
Expenditure - Capital Outlay		<u>(21,076)</u>
Net effect	\$	<u>-0-</u>

3. COMMENT

The Township made its annual payment to the Holly Area Youth Assistance program. The description stated "contribution" on the check stub. The State of Michigan does not allow "contributions" to be paid by local municipalities.

RECOMMENDATION

We suggest the Township simply change the wording for future payments as "Annual Services".

4. COMMENT

We noticed sales tax was charged and paid on an invoice related to Fish Lake (Special Assessment District) for services. The Township should not have processed the payment which included sales tax.

RECOMMENDATION

We discussed the above comment with Township personnel and a refund was issued.

5. COMMENT

In the early 1990's the Township approved a resolution to offer all eligible full-time employees/elected officials medical, hospitalization, and dental insurance. To be eligible one must complete 16 years of service and have obtained the age of 65. The Township only contributes the costs of having coverage as a single person. As of the year ended June 30, 2005 there were 3 individuals receiving these benefits and 1 other individual having completed the service requirement, but have yet to obtain the age of 65. There are also 8 individuals that may qualify to receive these benefits, but have not met the service or age prerequisites. In 2003 the Township eliminated the above policy for all new employees.

The expenditures made on behalf of the 3 individuals collecting post-employment benefits for the fiscal year ending June 30, 2005 was \$19,973. The Township is funding this program on a pay-as-you-go basis and has not obtained an actuarial evaluation of future obligations.

RECOMMENDATION

The Governmental Accounting Standards Board has released Statement No. 45, Accounting and Reporting by Employers for Post Employment Benefits Other Than Pensions. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" post employment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending June 30, 2009. Upon implementation, an actuarial calculation will need to be completed once every three years to determine the Township's liability.

This letter does not affect our report dated September 28, 2005, on the financial statements of Rose Township.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and recommendations with various Township personnel, and we will be pleased to discuss them in further detail at your convenience.

This report is intended solely for the information and use of the Township Board and is not intended to be and should not be used by any other party.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants